

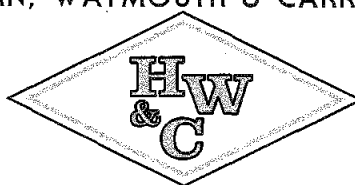
**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Pride, Louisiana  
December 31, 2013**

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## Independent Auditor's Report

Board of Directors  
Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Pride, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis-of-Matter**

As discussed in Note 1, the financial statements of Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund are intended to present the financial position, changes in net assets and cash flows that are attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of Rural Hospital Coalition, Inc., as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2014 on our consideration of Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund's internal control over financial reporting and compliance.



May 23, 2014

**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Statement of Financial Position  
December 31, 2013**

**A s s e t s**

**Current Assets**

Cash and cash equivalents	\$ 223
Accounts receivable	<u>10,077</u>
 Total assets	 <u><u>\$10,300</u></u>

**L i a b i l i t i e s   a n d   N e t   A s s e t s**

**Current Liabilities**

Accounts payable	<u>\$10,300</u>
 Total current liabilities	 10,300

**Net Assets**

Unrestricted	<u>—</u>
 Total liabilities and net assets	 <u><u>\$10,300</u></u>

The accompanying notes are an integral part of these financial statements.

**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Statement of Activities  
Year Ended December 31, 2013**

<b>Revenue and Support</b>	
Grant revenue	\$ 7,620
Contribution	<u>10,077</u>
Total revenue and support	<u>17,697</u>
<b>Program Expenses</b>	
Consulting	13,700
Contract services	3,600
Postage	<u>397</u>
Total program expenses	<u>17,697</u>
<b>Change in Net Assets</b>	—
<b>Net Assets, Unrestricted</b>	
Beginning of year	<u>—</u>
End of year	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements.

**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Statement of Cash Flows  
Year Ended December 31, 2013**

<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ —
Adjustments to reconcile change in net assets to net cash used in operating activities	
(Increase) in assets:	
Accounts receivable	(10,077)
Increase (Decrease) in liabilities:	
Accounts payable	2,250
Deferred revenue	<u>(7,620)</u>
Net cash used in operating activities	<u>(15,447)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(15,447)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>15,670</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 223</u>

The accompanying notes are an integral part of these financial statements.

**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Notes to Financial Statements  
December 31, 2013**

**Note 1-Nature of Organization and Grant**

**A. Nature of Organization**

Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund (referred to herein as the "Fund") is a restricted fund of Rural Hospital Coalition, Inc. (referred to herein as "RHC"), used to report activity related to the Telemedicine Statistics Grant received from the Department of Health and Hospitals. This fund is an integral part of the basic financial statements of RHC, and accordingly, is included in RHC's financial statements.

**B. Nature of Grant**

The Fund provides reporting on utilization, potential cost savings, and patient satisfaction data on the use of telemedicine to assist the Louisiana Medicaid program in implementing an expansion of the telemedicine reimbursement policy.

**Note 2-Summary of Significant Accounting Policies**

**A. Basis of Accounting and Presentation**

The accompanying financial statements have been presented on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The Fund reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets include those net assets whose use by the Fund is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those net assets whose use by the Fund has been limited by donors (a) to later periods of time or other specific dates, or (b) to specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Fund's use of the assets. At December 31, 2013, the Fund had no temporarily or permanently restricted net assets.

**B. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**C. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Notes to Financial Statements  
December 31, 2013**

**Note 2-Summary of Significant Accounting Policies (Continued)**

**D. Accounts Receivable**

Accounts receivable are recorded net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts based upon prior experience and its assessment of the collectibility of specific accounts. As of December 31, 2013, the Fund considers accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts was recorded.

**E. Revenue and Support**

The grant from the Department of Health and Hospitals, which is considered an exchange transaction, is recognized as revenue when allowable costs are incurred to provide the services specified under the terms of the grant agreement. Advances under the grant are recorded as deferred revenue until such time as they can be recognized as revenue.

**F. Contractors**

Contractors perform all of the daily activities of the Fund. Accordingly, no salaries, payroll taxes, fringe benefits, or occupancy expenses are reported, because these are the responsibility of the contractors. To the extent allowed by contract, contractor fees also include limited pass-through expenses.

**G. Income Taxes**

The Fund is an integral part of the financial statements of RHC, which is exempt from income taxes under Internal Revenue Code 501(c)(6). The Fund's activity is considered to be an activity related to RHC's exempt purpose and accordingly, no income taxes are reported.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If RHC were to incur an income tax liability attributable to the Fund in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors. Generally, tax returns may be examined for three years from the filing date and the current and prior three years remain subject to examination as of December 31, 2013.

**Note 3-Economic Dependency**

State grant funds totaling \$49,999 were received in 2010, of which all had been expended as of December 31, 2013. The Fund does not anticipate any additional grant awards to be received in the near future.

**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Notes to Financial Statements  
December 31, 2013**

**Note 4-Contingencies – Grant Program**

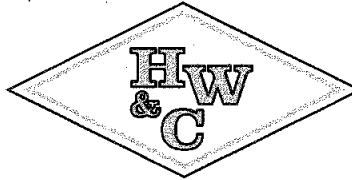
The Fund participates in a state grant program, which is governed by various rules and regulations. Costs charged to grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent the Fund does not comply with the rules and regulations governing the grant, refunds of money received could be required. In management's opinion, there are no significant contingent liabilities relating to compliance with rules and regulations governing the grant; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Note 5-Subsequent Events**

Management of the Fund evaluated all subsequent events through May 23, 2014, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

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**Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards***

Board of Directors  
Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund  
Pride, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rural Hospital Coalition, Inc. - Telemedicine Statistics Grant Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hewitt, Weymouth & Carroll, LLP*

May 23, 2014

**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2013**

**Findings - Financial Statement Audit**

None.

**Rural Hospital Coalition, Inc. -  
Telemedicine Statistics Grant Fund  
Schedule of Prior Year Findings and Questioned Costs  
Year Ended December 31, 2013**

**Findings - Financial Statement Audit**

None.